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Office Memorandum • UNITED STATES GOVERNMENT

TO : AD/RR

DATE: 16 June 1952

FROM : Chief, D/I

SUBJECT: D/I Organization and Office Notice R52-22/1, 29 May 1952

1. It is requested that no final approval of the reorganization be made until reconsideration is given to the organization plans of the Industrial Division as proposed herein and a hearing is held with an opportunity to discuss the points at issue.

2. Your attention is called to my original concept of attempting to set up the various items of industrial production based as closely as possible upon the organization of the Ministries. This procedure still appears sound and requires no major changes for the Branches of D/I as listed in R52-22/1 and as they have been right along. The breakdown into Sections is not a major problem but only forces an issue at this time in allocating Section Chiefs when not all of our T/O are aboard. This we can cope with.

3. I still feel rather strongly that this Division should be permitted to retain its Industrial Projects Branch. This conclusion is not based on hasty thought but rather on experience in this field accumulated over the past four years. The name of the Branch is not important. Call it Staff Branch, Area Branch or whatever you will. The major point is that there have been and undoubtedly will continue to be, demands made upon us by higher echelons which can best be handled by a unit like the Industrial Projects Branch. In addition, certain of the responsibilities of the Industrial Division should be handled by just such a Branch as this.

We should have studies made on such organizations as the Skoda Works of Czechoslovakia. This organization makes complete Chemical Plants, Automobiles, Guns, Ammunition, Railway Rolling Stock and a variety of other industrial goods and therefore cuts across Branch lines. I use this as an example, there are a number of such organizations, not only in the Satellites but in the USSR as well.

There are some Area Industrial Studies that this Branch should undertake - you already agree on China, Manchuria and North Korea. I feel that there will be more. Whether Austria or Germany are such for the immediate future is a question I am not at this time prepared to argue.

The coordinating of the Division-wide studies of such things as Evidences of Preparation for War, Stockpiling for War, and other Indicators would be another of the duties of this Branch, and all such intelligence would be funnelled through them. At the moment they are coordinating the NIE-65 project A/EC: Industrial Division.

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I had, and still have, hopes that this Branch would be able to handle many of the quickie "flaps" imposed upon the Division and so permit the other Branches to continue with their own important projects with comparatively little disturbance. I have people destined for this Branch in training with all of the other Branches becoming familiar with their operations.

I am quite conscious of the importance of Current Intelligence and would like this Branch to handle our liaison on this material as it becomes available. This I realize could be classified as a Staff function. I prefer to depend upon my Assistant and Branch Chiefs as my Staff and to rely upon the personnel of this Branch to keep pressing for Current Intelligence items.

The individual Branches can, I know, prepare better Field Collecting Requirements than we have issued in the past, but not every analyst is capable of seeing the Division-wide need for balancing these requirements against the capabilities of the field agencies or of seeing the potential for the rest of the Branches. This too may be considered a Staff function, but my reason for assigning responsibility to this Branch is that it will have a better over-all knowledge of Division needs, gaps in intelligence and area requirements as well. I feel that we should now start to prepare better requirements than the rather generalized ones now out. I imagine that your recent trip will bring the need home to you and show you why we should sharpen our focus.

It appears that liaison with other Divisions and your own Staff will become of greater importance. Instead of having a lot of people taking up a lot more people's time, I'd like to concentrate this function in one Branch for this Division. I do not mean to imply that the respective Branches may not work with their opposites within or outside of the Agency; on the contrary I would like to encourage this liaison as I have in the past. However, I can foresee quite a bit of running back and forth by some of the reorganized Divisions on problems that may well be centrally controlled and answered. I would prefer to meet this problem in this Branch. Believe me, this preference is based upon experience.

We have been called upon in the past to make evaluations of the relative competence of technical workers by countries. I would like to have this Branch undertake this problem as a Study. I think that we can really contribute something on Industrial Workers and their Comparative Productivity. Here again we cross Branch lines and I would like the Industrial Projects Branch to undertake such a study and keep current on the subject.

Another study that I would like to see tackled by this Branch is that on the Rate of Depreciation of Capital Investments and the Rate of Replacement of Capital Goods. To my knowledge no other Division or Agency has done anything on this important subject. Like the subject in the preceding paragraph any other group trying to undertake this subject would in any event involve too many of the analysts in the Division and would only be a duplication of effort. I don't know from here as to just what we can come up with, but I'd like this Branch to try. The answers that

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could come up on this and the above subjects may affect our estimates throughout the Industrial Division considerably. Important!

There are other matters that I feel can best be handled by the Industrial Projects Branch including such things as Office-wide Studies within the Division, Translation Service for the Division, Editorial Review of Branch papers prior to sending out to D/R, following up of Plan Accomplishments as far as Industries are concerned, Preparing Trip Briefings for Attaches and other travelers, Aid in Training of new Analysts of the Division. These are not all of the duties that I have visualized for this Branch, but I think it will give you an idea of some of the things that I feel should be done.

4. As the Chief of this Division from its inception, I have tried to plan how this Division could best serve not only the Office but the entire Agency. It is gratifying to know that not only are other Divisions turning to us more and more, but that other Agencies too are looking to us to help them with their problems and that includes A-2, State, ONI and G-2. I want to encourage this within our limitations, of course. In our way we have not done too badly in this short time in growing towards an organization capable of coping with the numerous and varied problems that have been presented to us. We, and I mean D/I, want to be prepared to do an even better job of fulfilling what I believe to be our mission.

5. As I am sure that you gather from the above, I would like to have your concurrence for the continuance of this Branch as I had conceived it and with authority to assign such other duties to it as I, as Chief of the Division, see fit. Again I want to say that the exact name of the Branch matters not at all as far as I am concerned. I can assure you that the other Branches will fulfill their duties within their capabilities.

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